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CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

February 2018 Grand Jury

UNITED STATES OF AMERICA,

CR No. 18-

Plaintiff,

I N D I C T M E N T

v.

[26 U.S.C. § 7201: Tax Evasion]

JAMES R. MCDANIEL,

Defendant.

CR 18-00839-

GW

The Grand Jury charges:

INTRODUCTORY ALLEGATIONS

1. Defendant JAMES R. MCDANIEL ("MCDANIEL") was a member of the State Bar of California from 1981 to 2004 who primarily practiced in the area of tax law and estate planning during that time. Defendant MCDANIEL resigned from the California Bar in 2004 with charges pending against him.

2. On December 20, 2004, defendant MCDANIEL pled guilty to one count of subscribing to a false tax return in violation of 26 U.S.C. § 7206(1) in United States v. James McDaniel, CR 04-01670-SJO, for his failure to report additional income on his personal tax returns for tax years 1997, 1998, 1999, 2000 and 2001. Defendant MCDANIEL

QCB

1 agreed "that his failure to report income resulted in a tax loss or
2 due of \$677,368.80 and that the government is able to establish
3 federal income tax losses, exclusive of interest and penalties, in
4 the amount of \$677,368.80."

5 3. From 2005 through 2012, the Internal Revenue Service
6 ("IRS") assessed defendant MCDANIEL over \$1.4 million in taxes,
7 interest, and penalties for tax years 1997 to 2001 (the
8 "assessments").

9 4. These Introductory Allegations are hereby incorporated by
10 reference into each count of this Indictment as if fully set forth
11 therein.

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1 COUNT ONE

2 [26 U.S.C. § 7201]

3 5. From in or about May 2008 through on or about December 14,
4 2012, defendant MCDANIEL owed the IRS over \$1.4 million in
5 assessments. Knowing these facts, from in or about May 2008 through
6 on or about December 14, 2012, in Los Angeles County, within the
7 Central District of District of California and elsewhere, defendant
8 MCDANIEL willfully attempted to evade and defeat the payment of the
9 assessments due and owing by him to the United States of America, for
10 the calendar years 1997, 1999, 2000, and 2001, by committing the
11 following affirmative acts, among others:

12 (a) Requesting that Individual 1 create Davis Bell Consulting,
13 LLC;

14 (b) Assisting Individual 1 to file tax returns reporting as
15 Individual 1's income from Davis Bell Consulting LLC funds that, in
16 truth and in fact, were earned by defendant MCDANIEL;

17 (c) Directing Individual 2 to sign documents identifying
18 Individual 2 as the sole managing member of James Roy Consulting,
19 LLC;

20 (d) Directing Individual 2 and Individual 3 to open bank
21 accounts for Davis Bell Consulting, LLC and James Roy Consulting,
22 LLC, respectively;

23 (e) Directing payments defendant MCDANIEL received for his tax
24 and estate planning consulting work during 2008, 2009, 2010, 2011,
25 and 2012 to be made payable to Davis Bell Consulting, LLC and James
26 Roy Consulting, LLC; and

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1 (f) Depositing checks for defendant MCDANIEL's tax and estate
2 planning consulting work into bank accounts in the names of Davis
3 Bell Consulting, LLC and James Roy Consulting, LLC.

4 The likely effect of the above acts would be to mislead and to
5 conceal his income.

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1 COUNT TWO

2 [26 U.S.C. § 7201]

3 6. During the calendar year 2012, defendant MCDANIEL had and
4 received a taxable income of approximately \$150,000 and upon that
5 taxable income owed to the United States of America an income tax of
6 approximately \$45,725. Defendant MCDANIEL was required by law on or
7 before April 15, 2013, to prepare and file an income tax return with
8 the IRS and to pay such income tax. Knowing these facts, during the
9 calendar year 2012, through on or about April 15, 2013, in Los
10 Angeles County, within the Central District of California, and
11 elsewhere, defendant MCDANIEL willfully attempted to evade and defeat
12 the assessment and payment of the above-stated income tax due and
13 owing by him to the United States of America, for the calendar year
14 2012, by committing the following affirmative acts, among others:

15 (a) Directing Individual 2 to sign documents identifying
16 Individual 2 as the sole managing member of James Roy Consulting,
17 LLC;

18 (b) Directing Individual 2 to open bank accounts for James Roy
19 Consulting LLC;

20 (c) Directing payments defendant MCDANIEL received for his tax
21 and estate planning consulting work during 2012 to be made payable to
22 Davis Bell Consulting and James Roy Consulting, LLC;

23 (d) Applying for a Taxpayer Identification Number for James Roy
24 Consulting, LLC in the name of Individual 4 and without Individual
25 4's consent;

26 (e) Depositing checks for defendant MCDANIEL's tax and estate
27 planning consulting work into bank accounts in the names of Davis
28 Bell Consulting, LLC and James Roy Consulting, LLC; and

1 (f) Failing to make a return on or before April 15, 2013, as
2 required by law, to any proper officer of the IRS; and

3 (g) Failing to pay to the IRS \$45,725 in income tax.

4 The likely effect of the above acts would be to mislead and to
5 conceal his income.

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7
8 A TRUE BILL

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10 _____
11 Foreperson

12 NICOLA T. HANNA
13 United States Attorney

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15 LAWRENCE S. MIDDLETON
16 Assistant United States Attorney
17 Chief, Criminal Division

18 MACK E. JENKINS
19 Assistant United States Attorney
20 Chief, Public Corruption and
21 Civil Rights Section

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